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ABSTRACT

This document reports on the goals of the President's Cabinet Officers. Included are those by the Secretaries of Agriculture; Commerce; Health, Education and Welfare; Labor; Transportation; Treasury; and Defense. Also included are those by the Administrators of the Federal Energy Administration and the National Aeronautics and Space Administration. Excerpts from President Carter's inaugural address are also included to highlight the President's national goals for America. (SL)

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GOALS FOR AMERICA

President Carter and key Administration leaders report on their Goals for America

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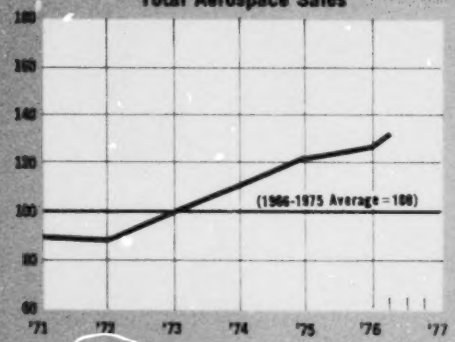
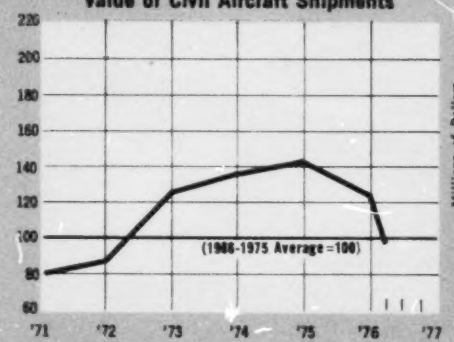
AEROSPACE ECONOMIC INDICATORS

CURRENT

Total Aerospace Sales

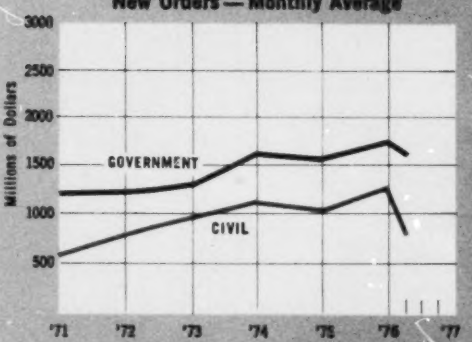


Value of Civil Aircraft Shipments



OUTLOOK

New Orders — Monthly Average



Aerospace obligations by Dept. of Defense and NASA.
Non-government prime orders for aircraft and engines.

ITEM	UNIT	PERIOD	AVERAGE 1966-1975 *	SAME PERIOD YEAR AGO	PRECEDING PERIOD†	LATEST PERIOD 1st QTR. 1977
AEROSPACE SALES: TOTAL	Billion $	Annually	26.6	29.9	31.5	31.7
	Billion $	Quarterly	6.4	7.4	8.5	7.6
AEROSPACE SALES: TOTAL	***Billion $***	***Annually***	***27.3***	***22.8***	***23.1***	***22.9***
(In Constant Dollars, 1972=100)	***Billion $***	***Quarterly***	***6.9***	***5.6***	***6.2***	***5.5***
DEPARTMENT OF DEFENSE						
Aerospace obligations: TOTAL	Million $	Quarterly	3,792	3,643	6,882	4,812
Aircraft	Million $	Quarterly	2,361	2,320	3,799	3,286
Missiles & Space	Million $	Quarterly	1,431	1,323	3,083	1,528
Aerospace outlays: TOTAL	Million $	Quarterly	3,411	3,382	3,546	3,473
Aircraft	Million $	Quarterly	2,031	2,048	2,208	2,011
Missiles & Space	Million $	Quarterly	1,380	1,334	1,338	1,462
Aerospace Military Prime Contract Awards: TOTAL	Million $	Quarterly	3,327	3,826	5,948	3,921
Aircraft	Million $	Quarterly	2,109	2,966	3,478	2,594
Missiles & Space	Million $	Quarterly	1,218	862	2,470	1,327
NASA RESEARCH AND DEVELOPMENT						
Obligations	Million $	Quarterly	780	749	1,032	816
Expenditures	Million $	Quarterly	789	840	225	724
BACKLOG (70 Aerospace Mfrs.): TOTAL	Billion $	Quarterly	28.6	34.4	39.6	39.4
U.S. Government	Billion $	Quarterly	15.9	22.6	24.1	23.8
Nongovernment	Billion $	Quarterly	12.7	11.7	15.8	15.6
EXPORTS						
Total (including military)	Million $	Quarterly	1,038	1,774	2,167	1,672
New Commercial Transports	Million $	Quarterly	345	413	542	368
PROFITS						
Aerospace — Based on Sales	Percent	Quarterly	2.7	3.3	3.2	4.0
All Manufacturing — Based on Sales	Percent	Quarterly	4.8	5.2	5.0	5.0
EMPLOYMENT: TOTAL	Thousands	End of Quarter	1,166	908	898	885
Aircraft	Thousands	End of Quarter	650	490	485	476
Missiles & Space	Thousands	End of Quarter	114	87	85	83
AVERAGE HOURLY EARNINGS, PRODUCTION WORKERS	Dollars	End of Quarter	4.38	6.35	6.69	6.93

* 1966-1975 average is computed by dividing total year data by 4 to yield quarterly averages.
† Preceding period refers to quarter preceding latest period shown.

Source: Aerospace Industries Association

As the United States embarks on its third century, a new President and a new cabinet have assumed the nation's leadership and begun the job of revitalizing an America beset with domestic and international problems. Theirs is a task of formidable dimension, for rarely in its history has the nation been confronted by a broader or more stubbornly resistant array of difficulties.

How the new Administration proposes to meet its many challenges; what it will set as our national goals, and what approaches it plans for their achievement are the subject of this volume.

In this special issue, *Aerospace* magazine departs from its customary format to present an exclusive report on the nation's goals. It is a particularly authoritative report, comprised of first-hand statements by those federal officials primarily responsible for charting and directing our national programs.

Such statements offer a unique perspective. Collectively, they constitute a document of singular importance to all Americans. Aerospace Industries Association is privileged to be the instrument of its dissemination and we thank our distinguished authors for their explicit and informative contributions.

Karl G. Harr Jr.

By KARL G. HARR, JR.
President,
Aerospace Industries Association

AIA
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Official Publication of the
Aerospace Industries Association of America, Inc.

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VICE PRESIDENT
FOR PUBLIC AFFAIRS • Julian R. Levine

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CONTENTS

2 GOALS FOR AMERICA
By PRESIDENT JIMMY CARTER

4 AGRICULTURE GOALS
By BOB BERGLAND
Secretary of Agriculture

6 COMMERCE GOALS
By JUANITA M. KREPS
Secretary of Commerce

8 ENERGY GOALS
By JOHN F. O'LEARY
Administrator, Federal Energy Administration

10 HEALTH, EDUCATION, AND WELFARE GOALS
By JOSEPH A. CALIFANO, JR.
Secretary of Health, Education, and Welfare

12 LABOR GOALS
By RAY MARSHALL
Secretary of Labor

14 NATIONAL AERONAUTICS AND SPACE GOALS
By ROBERT A. FROSCH
Administrator, National Aeronautics and Space Administration

16 TRANSPORTATION GOALS
By BROCK ADAMS
Secretary of Transportation

19 TREASURY GOALS
By W. MICHAEL BLUMENTHAL
Secretary of Treasury

23 DEFENSE GOALS
By HAROLD BROWN
Secretary of Defense

The purpose of AEROSPACE is to:

Foster understanding of the aerospace industry's role in insuring our national security through design, development and production of advanced weapon systems.

Foster understanding of the aerospace industry's responsibilities in the space exploration program.

Foster understanding of civil aviation as a prime factor in domestic and international travel and trade.

Foster understanding of the aerospace industry's capabilities to apply its techniques of systems analysis and management to solve local and national problems in social and economic fields.

AEROSPACE is published by the Aerospace Industries Association of America, Inc., the national trade association of the designers, developers and manufacturers of aircraft, missiles, spacecraft, their propulsion, navigation and guidance systems and other aeronautical systems and their components.

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Goals For America

In the following excerpts from President Carter's Inaugural Address, the President sets the course his Administration will follow in the coming years:

Within us, the people of the United States, there is evident a serious and purposeful rekindling of confidence, and I join in the hope that when my time as your President has ended, people might say this about our nation:

That we had remembered . . . and renewed our search for humility, mercy and justice;

That we had torn down the barriers that separated those of different race and region and religion and where there had been mistrust, built unity, with a respect for diversity;

That we had found productive work for those able to perform it;

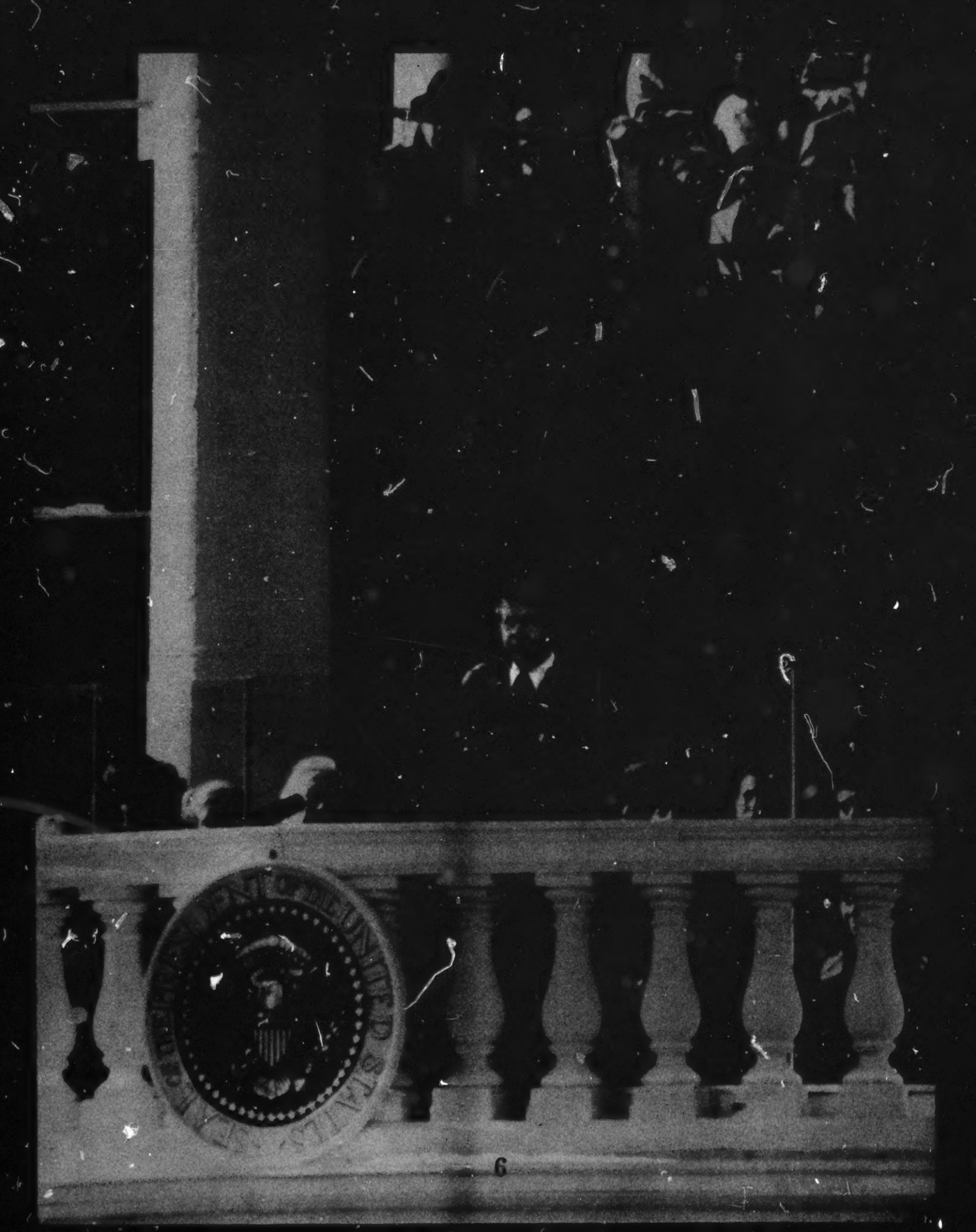
That we had strengthened the American family, which is the basis of our society;

That we had ensured respect for the law, and equal treatment under the law, for the weak and the powerful, for the rich and the poor;

And that we had enabled our people to be proud of their own government once again.

I would hope that the nations of the world might say that we had built a lasting peace, based not on weapons of war but on international policies which reflect our own most precious values.

These are not just my goals, and they will not be my accomplishments, but the affirmation of our nation's continuing moral strength and our belief in an undiminished, ever-expanding American dream.



Agriculture Goals

BY BOB BERGLAND
Secretary of Agriculture

During the past 5 or 6 years, people all over the world have had a very striking education in what agriculture is all about.

Consumers got the first lesson—in 1973 and 1974—when a series of worldwide events produced an unprecedented foreign demand for U.S. farm products. Faced with rising food prices and shortages, consumers discovered that milk and meat come from cows, and bread from wheat, not from the supermarket. They learned that the source of food was not the warehouse, but the farm. They learned that farm production can't be turned on and off like a factory assembly line; and they learned that when this year's stock is gone, you wait until next year's crop for new supplies—and if you want beef, you wait even longer.

That situation produced a lesson for decisionmakers—beef price controls, the soybean embargo of 1973 and subsequent tinkering with exports in 1974 and again in 1975 taught that you cannot cope with the broad problems of food and agriculture on an ad hoc, crisis-to-crisis basis.

Farmers, during this period, gained new insights into the income potential in foreign markets when expanding exports sent farm income to new highs. Farmers increased their acreages and farm investments, and the share of U.S. agricultural production going into export rose from 15 percent to more than 20. In some crops the share going into export was even higher—half or more for wheat, soybeans and rice.

Pens of beef cattle fill acres of land near Greeley, Colo.

However, farmers also learned that surging foreign demand can cut two ways: Rising grain costs pushed some livestock producers into bankruptcy, and forced others to cut back production in order to survive. Grain farmers, after an exciting period of expansion, today are finding that net income is declining as prices retreat, while costs continue advancing.

Farmers are discovering that export markets are not an automatic annual source of demand growth—that demand for U.S. products varies with production in other countries, those countries that export as well as import.

Measured in 1972 dollars, farmers' 1976 realized net income—their purchasing power—was almost 10 percent less than it had been in 1972. In the same period, food prices for consumers rose by more than 40 percent, and, although the share of consumer income spent for food remained less than 20 percent on a national average, that is no consolation to people with low incomes.

Everyone, myself included, relearned the lesson that a rampant boom in agriculture is always followed, to one degree or another, by a bust in a cycle that puts extreme stress on farmers and consumers alike.

The liberal and practical education we have received in agriculture since 1972 has been translated into goals that the Department of Agriculture is gearing up to achieve. Our overall objective is to protect those who produce our food and fiber and those who consume it—both domestic and foreign consumers alike—from wild swings in prices and supplies, and to protect our competitive position in foreign markets.

This overall objective has been carved into five more specific goals:

1. Protection for farmers against economic disaster, with a system of price support loans, plus income support payments when warranted by world supply and demand conditions.

2. Protection for farmers against natural disaster, with a rational program for speedy and adequate help.

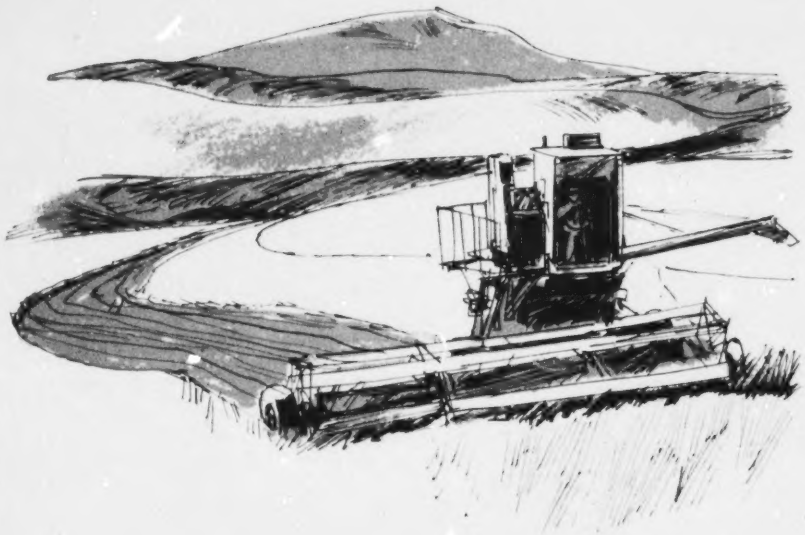
3. Protection for consumers and other grain users against inadequate supplies, with a program that maintains a supply balance against periods of shortfall or oversupply.

4. Protection for the poor in this country against hunger and malnutrition, with reform of the Food Stamp Program.

5. Affirmation of U.S. agriculture's global commitment to supply food on commercial terms to those countries that want it to support a better standard of living and to those countries that must have it to survive.

If these goals are to be reached, close cooperation will be required among this Administration, Congress, producers, consumers, and business community, and our trading partners overseas.

Implicit in the spelling out of these goals



Agriculture researchers check method of planting soybeans that does not require cultivation.

is the confidence that they can be achieved.

Farm prices can be protected by placing a floor under market prices for grains, soybeans and cotton. The floor would be related to both market price and farmer costs. At the same time, farm income can be protected with an income support level for all grains, oilseeds, and cotton that is related to the direct cost of production, plus a return for management and for land ownership. In establishing market price supports, it will be necessary to fix them at a level that permits U.S. produced commodities to continue to be competitive in domestic and export markets.

Perhaps the most vital single tool in achieving our goals is a grain reserve mechanism—a flexible, farmer-held grain reserve. Farmers would be provided with incentives to hold their grain off the market until prices reached a specified level, at which point the incentives would be taken away thereby prompting movement of the stored grain back into the marketplace.

This type of reserve program will: (1) help reduce the wild swings in domestic and world commodity prices; (2) assure that food supplies are available to meet domestic and international commitments; (3) permit farmers to benefit from future price increases; and (4) provide safeguards for consumers and the national economy against sudden surges in food expenditures and rekindled inflation.

We have already moved to create such a reserve, initially for wheat and rice, on a unilateral basis. This is a partial, positive step leading to the development of an international system of reserves that will not leave the matter of food supplies—and price—to chance.

And that leads directly into the issue of world food security within which is embodied this country's responsibilities to its trade and aid clients.

To achieve long-range food security there must be increased food production, which means the world must expand the production capability of efficient, low-cost producers, and give them access to world markets. Trade and trade liberalization have an important role to play. World food production can increase more rapidly because capital investments are concentrated in the areas which yield the highest returns. This will boost the chance that per capita food consumption in all countries can be increased over a period of time.

For the short term, food security must rely extensively on reserve stocks of food.

The world may well be closer today to implementing a food security program than ever before. Certainly, the United States stands ready to do its share which includes: (1) maintaining our own productive capacity; (2) cooperating fully in international efforts to increase food production in developing countries; (3) a willingness to participate in an international agreement in which other nations would share obligations both for reserve stocks and adjustment measures; (4) continuing our efforts to seek trade liberalization for agricultural products; and (5) seeking alternatives that will assure our priority food aid contributions are uninterrupted during periods of high prices.

Finally, any delineation of this Department's goals would be incomplete without bringing in the problem of energy conservation.

USDA's primary energy objective is to encourage agriculture and food system energy users to conserve energy in order to assure that essential users will have priority for basic energy needs. We are also intensifying our research to develop more efficient utilization of our diminishing fossil energy resources, and we are expanding research on alternate energy sources, including solar and other constant and renewable resources.

In the final analysis, we can probably shape the Department's multiplicity of goals into a single thrust—to secure for more people in the world an adequate supply of the right kinds of foods. This objective is achievable depending on the extent to which governments and their peoples—including our own—are willing to commit the necessary resources and determination.

Tomato harvesters and trailers pick a crop in Yolo County, Calif.

Commerce Goals

BY JUANITA M. KREPS
Secretary of Commerce

Everyone seems to have a favorite simile or metaphor to describe the Department of Commerce. Some have referred to it as a conglomerate. Others, disparagingly, have called it the Old Grey Lady of Fourteenth Street. My predecessor summed it up by saying, "We're not in charge of much but we're involved in just about everything."

When I was asked recently to outline to the President and his Cabinet the directions I thought Commerce should take, I compared the Department to Noah's ark—the only difference being, I said, that the Department of Commerce has just one of everything.

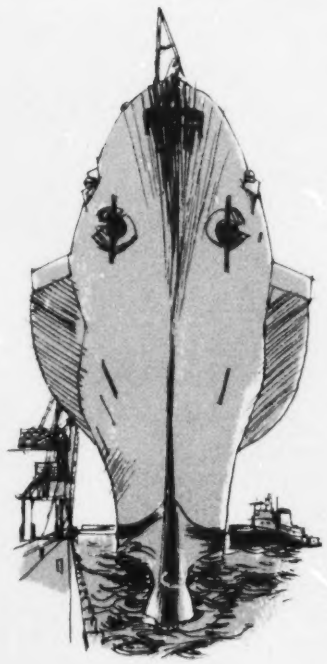
The comparison has nothing to do with my feeling of being deluged by decisions and paperwork. Rather it relates to the great number of seemingly unrelated activities canopied under the Commerce tent, to mix the metaphor even more. Under that tent and on that ark, there are such agencies as the Maritime Administration, the Domestic and International Business Administration, the National Bureau of Standards, the Census Bureau, the National Oceanic and Atmospheric Administration, the Economic Development Administration, the National Fire Prevention and Control Administration, the Office of Minority Business Enterprise, the United States Travel Service and the Patent and Trademark Office.

One might ponder what oceans policy has to do with telecommunications research or fire prevention with trade and travel promotion. One also might wonder why Commerce is in the business of producing the cascade of numbers used by government and the private sector to appraise the economy's performance.

The seeming illogic of Commerce's organizational maze begins to make sense, however, if we view the Department's role in relation to the country and not by its apparently disparate, constituent parts. And if you accept what I believe to be Commerce's two basic roles:

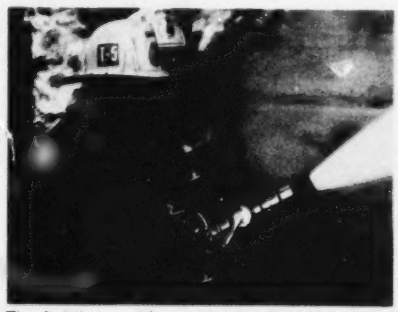
The first is to try to ensure that conditions in the marketplace are conducive to the sorts of behavior theory tells us to expect of a free economy. That does mean generating economic information so that buyers, sellers and job seekers can locate the opportunities they need. It means providing patent protection without which investment in new technologies would not occur. It means trying to protect lives and properties from fire damage and from natural disasters such as floods and hurricanes.

It means disseminating information on new technologies. It means helping acquaint domestic sellers with foreign markets. It means setting standards. And it



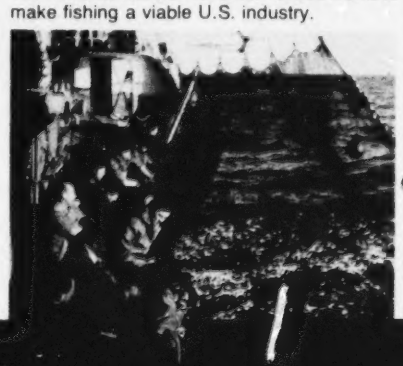
means providing information about the weather and the environment. In short, it means providing a great number of services, many of which are so vital that people cannot imagine a world without them and therefore take them for granted.

Commerce's second role is that of policymaker, particularly at the microeconomic level. In some cases, this means dealing with dislocations arising from the migration of population and industry, obsolescence of public and private facilities, shifting consumer preferences and seasonal travel patterns, energy and environmental problems,



Fire fighting and fire protection is a concern of the Commerce Department's National Fire Prevention and Control Administration.

The National Marine Fisheries Service works to make fishing a viable U.S. industry.

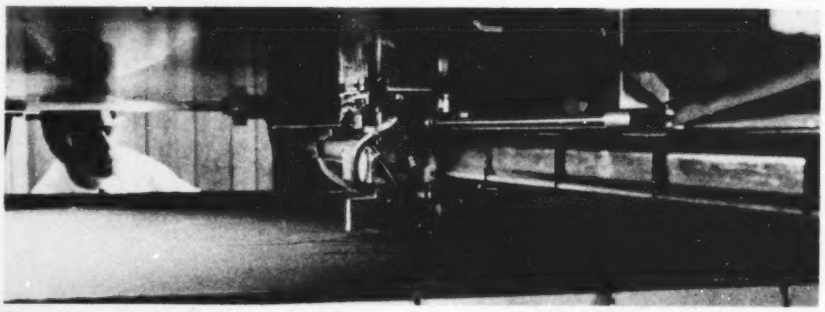


capital shortages, or outmoded government regulations.

Naturally, many gaps exist in our economic information system. So one of our major objectives must be to use more effectively the enormous statistical and informational resources within the Commerce Department to assess the state of the economy, its impact on people and firms, and the trends that signal new problems and opportunities. To do so, we will be working with the Office of Management and Budget and other agencies to reorganize and consolidate widely dispersed statistical activities into a more effective Federal reporting system.

We must also improve our measurements of social well-being and the quality of life. We have requested funds so Commerce's Bureau of Economic Analysis can develop quality of life measurements that can be integrated into the national account framework, so the Census Bureau can develop further social indicators,

Domestic and International Business Administration sponsors trade fairs around the world.



Commerce's National Bureau of Standards works in many fields of scientific inquiry.

so that we can determine our gains or losses not only in terms of gross national product but also in terms of environmental quality, work conditions, quantity and use of leisure time.

We must also strengthen our reporting system to measure particular segments of the economy—including industry-by-industry data, regional data, urban area data, and data on world trade, tourism, and international investment patterns.

To improve the conditions of the marketplace, we will try to redouble efforts to create an environment conducive to new investment, to increased productivity, and to employment. In many instances, this will require reform of government programs and regulations that needlessly impede business development, as well as direct assistance on our part to enable business to operate to its full potential.

All these objectives will require mutually supportive efforts between the public and private sectors. For example, the increasingly serious fiscal, economic and social situations of our cities have made public intervention essential if we are to make any significant inroads into city problems. But just as crucial to successful urban economic development programs are the contributions of the business sector. No amount of fiscal transfusions from Federal, State and local governments will suffice without effectively leveraging multiple sums of private sector investment.

I believe the Commerce Department can serve as a bridge between investing institutions and government institutions. It can utilize those human, capital, and community resources that now lie fallow because of economic decline in certain regions, States and cities. It can promote more balanced economic growth throughout the Nation. And it can find ways to deal with business decline, seasonal and structural unemployment, and regional dislocations.

The Department already is working toward a coherent policy for alleviating the adverse impacts of such economic dislocations as those associated with excessive import competition and energy boom development.

In the next 10 years, for instance, between 200 and 400 counties not on the coast will be affected by significant energy development activities ranging from power plant construction to coal and uranium mining. Commerce's mechanism to provide assistance to these areas is the multi-state Regional Action Planning Commissions, whose membership consists of a Federal co-chairman and the governors of the participating states.

The Office of Coastal Zone Management, housed in our National Oceanic and Atmospheric Administration, is helping communities prepare for rapid growth that will accompany off-shore oil development and seeking to protect fragile environmental resources from poorly conceived development.

Through our Economic Development Administration, we will stimulate the economy through the accelerated construction of pending public works projects—when stimulation is needed—ensuring that public works expenditures are initiated at those times when their impacts will be greatest to counter cyclical downturns of the economy.

Obviously, we need more than a laundry list of targeted areas. We need to establish philosophical goals in order to achieve balanced priorities, such as the comprehensive set of oceans policies we are developing to enable us to realize the full economic potential of ocean resources while conserving them for future generations.

At the same time, Commerce can serve as catalyst in encouraging business to assess its views and evaluate the adequacy of its performance in meeting its social responsibilities with respect to consumers, employment, and the general formulation of public policies. Throughout history, there has been an artificial separation between people and departments of government interested in economic goals and those interested in human goals. I believe that we must build a private enterprise system that develops our greatest human potential, even as it develops programs tailored to deal with specific problems. In today's world that system requires a balance between technical and economic concerns on the one hand and social and human concerns on the other.

The business community is beginning to assert leadership in developing this consciousness, and the Commerce Department intends to facilitate and provide further leadership in this direction.

In doing so, it is my hope that the Department itself will become a model of the balance that can be achieved between technology and humanity.

Energy Goals

BY JOHN F. O'LEARY
Administrator, Federal Energy Administration

"Today America faces the most serious domestic challenge that it is likely to face in our lifetimes—the energy challenge. Our ability to meet this challenge will help determine whether we will be able to maintain our American way of life during the closing decades of the Twentieth Century. If we ignore the challenge today . . . we will face catastrophe tomorrow."

That is how President Carter has described the great economic and social imperative of our day.

The U.S. energy problem for all its many parts is actually fairly simple: demand continues to rise more quickly than production. In the past decade, U.S. energy consumption has risen more than 31 percent—roughly twice as fast as production. In recent years production of oil and natural gas, which accounts for 75 percent of U.S. energy, has declined.

Increasingly, the United States has turned to foreign oil to compensate for its domestic energy shortfall. Oil imports now comprise 20 percent of our total energy supply at an annual cost of about $35 billion. This import dependence continues to subject the Nation to the possibility of supply interrruption and price increases, whether deliberate or otherwise.

Coal is a plentiful source of energy in the U.S.

This is the lesson that we began to learn more than three years ago with the Arab oil embargo of 1973–74.

Today there is new, even more compelling evidence that the United States must act to solve its energy problem. Recent studies show that without increased conservation, world demand for oil will begin to outpace world productive capacity in just five to seven years.

Part of the solution to this problem is to find and develop additional oil and natural gas on the outer continental shelves, in Alaska and through advanced oil recovery techniques in existing wells. The National Energy Plan provides very generous price incentives to bring on new supplies of oil and natural gas.

Yet, neither the United States nor the world has enough oil or natural gas to support our current over-dependence on these fuels for long. Therefore, an essential part of the National Energy Plan must be to turn our economy away from its over-dependence on oil and gas and move us toward increased use of those energy sources which we have in greater abundance. At the same time, we must take actions to insure that all our energy resources—oil, gas, uranium and coal—are used wisely and efficiently.

Even as we plan our energy future to include changing our habits of energy waste, building more efficient equipment, reducing our dependence on oil and gas, and switching to coal, we must recognize that these steps alone will not reduce our oil imports to more manageable levels, nor will they bring our domestic energy demand and supply sufficiently into balance. To do that, we will also need to rely more heavily on nuclear power, and in the longer run, we will have to turn to nonconventional energy sources such as solar and geothermal energy.

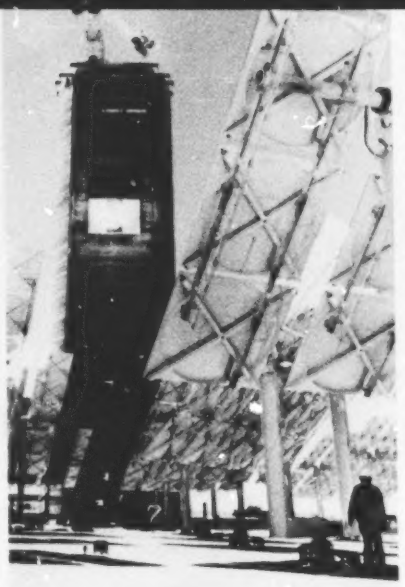
The National Energy Plan proposed by President Carter last April provides three major strategies to shape our energy future:

- First, establishing an effective conservation program for all sectors of the economy to reduce the annual rate of growth of total energy consumption to less than 2 percent;
- Second, establishing incentives to promote and, in some cases, to require industries and utilities to use more coal—which constitutes 90 percent of our energy reserves—instead of oil and natural gas—which constitute only seven percent of our reserves; and,
- Third, establishing a vigorous research and development program to provide renewable and essentially inexhaustible resources to meet our energy needs in the next century.

To achieve results in each of these strategies, the Plan provides a balanced set of proposals that includes the use of regulations, technology, taxes and simple common sense.

No single economic approach dominates the Plan. It avoids the excessive increases that could occur by suddenly reverting to strict *laissez faire* doctrine or the inefficiency that could occur with excessive federal regulation. Above all, the Plan is designed to be as equitable as possible.

While some changes are mandated, the goal of the Plan is to achieve a gradual transition in our energy use, while preserving freedom of choice in our economy. This would be done through creative use of the tax system to provide incentives for



Solar thermal tests are conducted at Sandia Laboratories in New Mexico by the Energy Research and Development Administration.

conservation and use of more abundant fuels. However, where new taxes are proposed, there are provisions for rebates so that consumers do not lose purchasing power.

The rebates assure that conservation will not be achieved at the expense of jobs and economic growth. In fact, conservation can create jobs and economic growth, if we plan carefully. The capital we invest in making our economy more efficient will add jobs and growth in almost every sector of the economy.

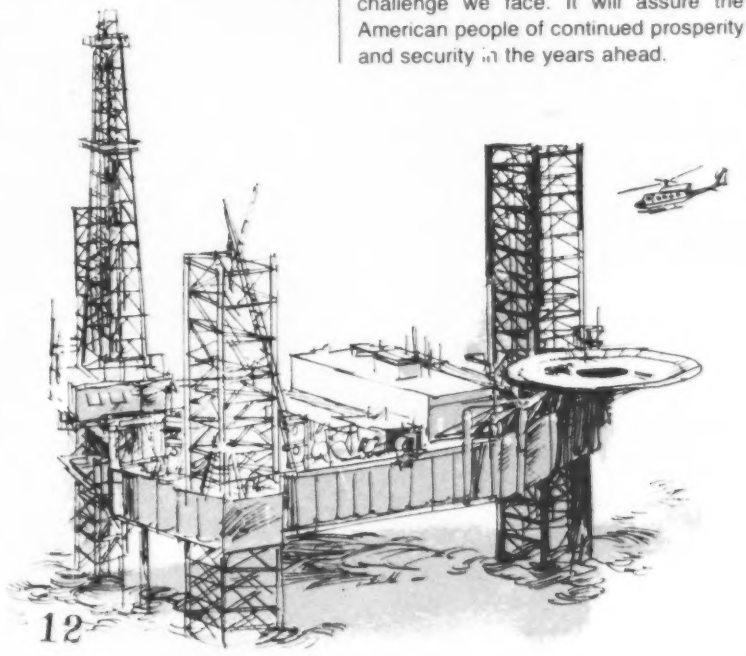
In addition to conservation and development of coal and solar energy, the plan addresses problems which now plague nuclear energy development. It proposes reform of nuclear licensing procedures, standardization of plant designs, improved security procedures and waste disposal programs, and a delay in movement toward greater use of hazardous plutonium.

In all these measures, and in the many more to which I could refer, the National Energy Plan reflects ten basic principles. These are important to understand, because they are really a roadmap by which we can find the answers to our energy problems in a deliberate, but orderly manner.

- The first principle is that we can only have an effective energy plan if the people understand the problem, and the government provides the necessary leadership to solve it. This is why we have published the Energy Plan in plain English, and why we are now trying to explain its content to as many Americans as possible.
- The second principle is that we must assure continued economic growth and jobs. This is why we have emphasized conservation and provided rebates to offset any new taxes.
- The third principle is that we must continue to protect the environment. There is no need to abandon our national commitment to a clean environment in order to solve our energy problems. With time and full use of our technological ability, energy, and environmental goals can be achieved together.
- The fourth principle is that we must reduce our vulnerability to embargoes. We will do this by reducing our demand for oil, increasing our domestic supplies and building a one-billion barrel oil storage system in the coming decade. By 1985, these measures should reduce our imports from a potential of 12 to 16 million barrels per day to about 7 million barrels per day.
- The fifth principle is that conservation must be the cornerstone of our entire energy effort. Conservation is the quickest, cheapest and most practical way to make energy available for important uses. The Energy Plan will make the United States a world leader in energy conservation.
- The sixth principle is that energy prices must reflect the true replacement cost of the energy we use. We cannot keep the price of energy artificially lower than the cost of production and expect supplies to increase or to be used wisely. At the same time we must assure that higher prices do not mean unfair profits for energy industries. The Energy Plan provides that assurance.
- The seventh and eighth principles—referred to earlier—are that we must conserve our scarcest fuels and make the greatest use of our most abundant fuels, and that we must begin *now* to develop unconventional fuels for the next century.
- The ninth principle is that government policies must be predictable so every sector of our society can plan ahead with assurance. This is why the Plan lays out very clearly the tax and regulatory policies that will effect future energy costs.
- And the tenth principle is that all segments of society and all regions must be treated fairly. The desire to assure equity is reflected throughout the Plan:
- In the wellhead tax, which encourages conservation, but is returned to consumers;
- In the dollar-for-dollar refund of the wellhead tax as it affects home heating oil;
- In ensuring that homes will have the oil and natural gas they need, while industry turns toward more abundant coal that can suit its needs;
- In the automobile tax and rebate system, which rewards those who save energy and penalizes those who waste it.

America has always been a "can do" country. Our business, Government and community leaders have always risen to the challenges which have confronted us in the past. There is good reason to believe that the U.S. energy problem can be solved in a deliberate and orderly manner if we adopt a "can do" attitude in every sector of our economy and in every region of the nation.

The National Energy Plan proposed by the President and now being reviewed in the Congress will emerge as a comprehensive program to meet the energy challenge we face. It will assure the American people of continued prosperity and security in the years ahead.



HEW Goals

BY JOSEPH A. CALIFANO, JR.
Secretary of Health, Education, and Welfare

In the 1960s, this nation came to grips with some of its oldest and most severe social problems: Poverty, racial injustice and discrimination.

The problems were not solved, but significant gains were made. And perhaps most importantly, many Americans enlisted in the difficult struggle to find solutions.

We continue, as a nation, to be propelled forward by those commitments we made in the 1960s. But any illusions we entertained that commitment and concern were of themselves enough to guarantee social justice have been replaced, I think, by a more pragmatic approach to developing solutions.

In short, if the decade of the 1960s was one of renewing our commitment for social justice, I believe most of us agree that the last years of the 1970s must be devoted to translating that commitment into solid achievements. At HEW, our goal, if difficult to realize, is nonetheless simple to state:

We are determined to prove that we can make our programs at once more effective, more efficient, and more humane.

I feel fortunate to have worked in the 1960s for a President whose fundamental faith in the decency of Americans expanded our vision of what government might do to help those of our fellow citizens who cannot help themselves.

I feel equally fortunate to have reentered government service under a President who also cares deeply about America's poor and vulnerable citizens—and who recognizes that taxpayers have a right to require that their money is being spent carefully and efficiently.

As the Federal Department with the greatest direct impact on the American people—it currently spends $1 of every $3 the Federal government spends, and its more than 350 programs directly affect virtually every American—HEW must become a symbol of the manageability of government.

We already have begun addressing the need to strengthen management lines and guarantee tighter accountability by undertaking the most sweeping reorganization in HEW's 24-year history.

Without going into excessive detail, the result of that reorganization was to replace a fragmented, irrational organizational structure with a more rational grouping of programs that we believe can and will reduce spending, by making it easier to identify and eliminate duplication, and outright fraud abuse. We estimate that savings to the taxpayer will total some $2 billion annually by 1981.

On the legislative front, HEW's initiatives also place great emphasis on improving programs, tightening management controls and—wherever possible—on heading off problems before they reach catastrophic proportions. To cite just a few examples:

Computers are a vital tool in research programs of HEW.

Hospital Cost Containment—President Carter has asked the Congress to approve a short-term program to put a 9 percent ceiling on annual increases in hospital revenues from their in-patient services. The program also would put a nationwide cap on capital expenditures by hospitals, with the ceiling to be applied to the States on a per-population basis.

The purpose of the legislation is to bring hospital costs—which have been climbing some 2½ times faster than the Consumer Price Index—into reasonable line with the rest of the economy. Failure to halt the explosive growth of hospital costs, which have risen more than 1,000 percent since 1950, will greatly diminish our nation's ability to develop a financially feasible program of national health insurance.

Child Health Measures—Congress has before it a proposed Administration bill designed to expand and improve upon the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) program, the foremost Federal effort to prevent sickness among poor children.

The proposed new program, called the Child Health Assessment Program (CHAP), would extend diagnostic and

treatment services to 700,000 poor children under age 6 not currently covered. The program, which offers financial incentives to encourage State participation, also would require immunization of all participants against childhood diseases.

The immunization provision of CHAP dovetails with HEW's national campaign to spur other levels of government and the private sector to improve on our shockingly low national rate of immunization. That campaign's goal is to raise national immunization levels for youngsters above the 90 percent mark. Immunizing children is obviously not only humane, but also cost-effective.

Education—We have asked the Congress for an additional $20 million for Emergency School Assistance aimed at minimizing community problems resulting from school desegregation; for $4 million to support a new program designed to attract and train minorities in the professions; for an additional $20 million to strengthen Federal support for bilingual education; and for $3 million to increase grants under the Basic Educational Opportunity Grants program.

These and other changes we have requested in the Fiscal Year 1978 budget submitted by former President Ford represent a shift in emphasis, I believe, from problem solving to problem prevention. I believe government functions most efficiently when its resources are directed toward preventing human problems—sickness, ignorance, discrimination—whenever possible.

Two major goals of the Carter Administration with which HEW will be very deeply involved are creation of a system of national health insurance, and reform of the nation's welfare system.

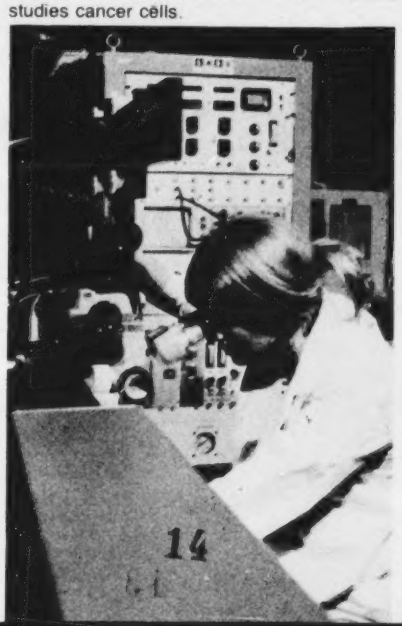
While we do not anticipate proposing national health insurance legislation until 1978 at the earliest, HEW's planners are already involved in the lengthy and complex studies and analyses that must necessarily precede such an undertaking.

It obviously is far too early to predict the form a national health insurance proposal will take. But great care will be given to assuring that our proposal will assist in rationalizing a national health care system that today is fragmented and inefficient, and which exerts extraordinary inflationary pressures on the rest of our economy.

President Carter already has unveiled the series of goals that our forthcoming welfare reform legislation will seek to address. In brief, this Administration is committed to providing access to employment for those currently on welfare who should work and are able to work; providing adequate cash support for those on welfare who cannot work; streamlining program administration to assure greater cost-effectiveness and to cut down on fraud and abuse; and eliminating those existing provisions of the welfare program that tend to encourage family dissolution and discourage employment.

New teaching techniques are aimed at improving the learning process.

Technician at the National Cancer Institute studies cancer cells.



Emphasis will be placed on creating a credible and workable program—one in which both those who receive benefits and those who pay the tax bill can have confidence.

As I stated at the outset, I believe that the goals we have set for the years ahead can be met. The compassion of the American people for the plight of our nation's less fortunate citizens has never been questioned. Now is the time for government to prove that this compassion can be reflected in competent management of efficient and effective programs.

At HEW, that is and will remain our primary goal.

Labor Goals

BY RAY MARSHALL
Secretary of Labor

The aerospace industry has a special interest in our most important priority: putting Americans to work.

To me, providing productive work for the jobless is the central element in President Carter's economic recovery program. It is certainly our most important in the Labor Department right now. In carrying out our part of the Administration's program, we plan to build on past experiences. We will make improvements where necessary, and we hope to come up with some fresh approaches to a number of the most persistent problems facing our nation's workers and their employers.

In April, even though the unemployment rate fell to its lowest level in 29 months, there were still 6.7 million American men and women who were officially listed as out of work.

These were the officially unemployed members of the labor force. There were millions more—we really don't know how many—who have dropped out of the work force altogether because of discouragement or for other reasons, or who have never entered in the first place because of lack of jobs. Many of these people want to work, and they would if jobs were available.

Clearly, unemployment exacts too heavy a toll for us to be complacent. It demands immediate, priority attention.

One way we plan to attack this problem is by creating hundreds of thousands of new federally funded public service and public works jobs.

The public service jobs will let the unemployed use their talents to serve their fellow citizens in hospitals, in mental institutions, in improving our national parks, in recreation programs, in rehabilitating those parts of our cities where crime is high and hope is scarce, and in energy-saving activities. We will target our public service employment programs to areas of national need—such as improving our national parks, and in insulating homes and public buildings, as well as other energy-saving activities.

The unemployment rate among teenagers in April was 17.8 percent. The rate for blacks and other minorities was 12.3 percent, and for minority youth, 36.2 percent. Military veterans aged 20–24 had a jobless rate of 14.4 percent.

Carefully tailored programs are needed that not only supply employers with adequately trained workers as the economy improves, but that help these groups develop relevant, marketable skills in training programs closely linked with the private sector.

Youth unemployment is particularly severe and adversely affects the attitudes and work force attachment of men and women early in their lives. During overall high unemployment, the young must compete with more experienced workers for available jobs. Too many teenagers lack any job training or possess education and training ill-fitted to today's employers' needs.

As a first step toward alleviating this problem, we are seeking substantial increases in youth-oriented training and employment programs. We plan to expand apprenticeship training opportunities for the young, particularly disadvantaged minority group members and women. More than half of existing apprenticeships are in the construction trades. The Department is working with labor and management representatives to establish formal apprenticeship programs in industries and occupations where they have not yet been tried.

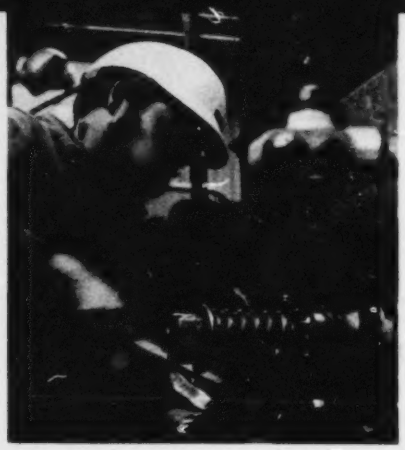
Unemployment among veterans, particularly those who were disabled in line of duty, and the younger veterans of the Vietnam conflict, is of great concern to us.

To combat this problem, we are establishing outreach units staffed by disabled veterans in our state employment service offices. There is at least one unit in virtually every state, and one in each of the largest metropolitan areas.

These disabled veterans will seek out other disabled veterans, many of whom have become discouraged and have given up looking for work, to inform them of their rights and to encourage them to return to the mainstream of the labor market. Nearly 2,000 disabled veterans will be employed in this project; as of mid-May, about 1,300 were already on the job, with the remainder expected to be hired before the end of June.

Skilled aerospace workers assemble a transport aircraft.

Construction worker puts finishing touches on screen guard.



Maintenance mechanic repairs a harvesting machine.

Our proposals to improve job opportunities for military veterans involve both private and public employment and training measures. Under a new "HIRE" (Help Through Industrial Retraining and Employment) program, employers will receive incentives for hiring Vietnam-era veterans in the form of funds to help offset the costs of any training needed to make veterans more employable. We also hope to fill about 35 percent of all new public service jobs with veterans.

Registered nurse checks patient's pulse.

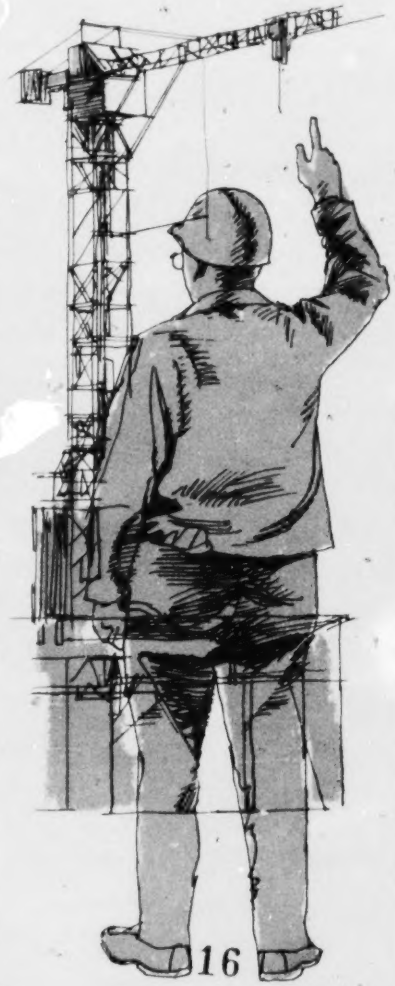
The second priority of my Department is combating discrimination against workers for any reason unrelated to their merits and productivity. Just as unemployment exacts a heavy toll, so does discrimination. Discrimination for reasons unrelated to productivity should be eradicated as rapidly as possible. It should not be permitted to continue to rob many American workers of employment and advancement opportunities.

Equal employment opportunity is easier to achieve in low-unemployment periods, but it must be accomplished, regardless.

Equal employment opportunity imposes a recruitment obligation on employers that does not always conform to the availability of skills in their immediate labor markets. It is essential that federal enforcement of laws, designed to increase job opportunities for qualified minority group members, women, veterans and the handicapped be coordinated with employment and training programs which can supply such workers.

Our third priority is improving the productivity of workers in the system. There are two reasons why this is important:

- To increase the real income of American workers, and
- To move toward full employment without intolerable levels of inflation.



It is important for us to improve individual and systematic productivity. For, as we increase productivity, we diminish inflationary pressures on the system.

Our fourth priority is to carry out the various responsibilities entrusted to us under the law: to protect the wages, working conditions, health, safety, and trust funds of American workers.

Every American worker must have the opportunity to earn a living wage under decent, safe, and healthful conditions and to live in the assurance that the pension he or she has counted on for retirement years will not disappear.

Our fifth priority is to help create training opportunities to provide the skilled workers needed to meet national needs with respect to energy, health, environmental protection, and production of other goods and services needed to improve the quality of life for all Americans.

Sixth, we need to improve the operation of the labor market through better labor market information and mechanisms to improve the system of matching workers with jobs. We believe that it is better for the worker and less inflationary if we can move people into jobs, instead of having them on unemployment insurance or on welfare.

Seventh, we need to strengthen collective bargaining in both the public and the private sectors. Better union-management cooperation in key industries is a major factor in improving productivity and holding down inflation.

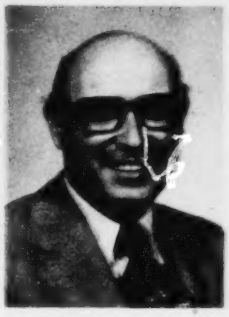
Finally, we intend to make a concerted effort to simplify complex government regulatory programs and to relieve unnecessary administrative and paperwork burdens on employers. The Occupational Safety and Health Act (OSHA) and Employee Retirement Income Security Act will be primary targets.

To restore public confidence in OSHA, we hope to eliminate unnecessary regulations and to simplify confusing requirements.

In striving to meet all of these goals that we have set for ourselves, we recognize that we cannot succeed on our own. Progress and change occur only with the cooperation and full participation of all Americans, including labor, management and the public.

I, therefore, ask for the public's help and cooperation as we move forward with our plans to provide a better life for the entire American work force on which our entire economy is so dependent.

NASA Goals



BY ROBERT A. FROSCH
Administrator, National Aeronautics and Space Administration

It is a great honor to be asked to submit this article for *Aerospace* magazine and I look forward to meeting government and industry leaders in my new capacity. Like my distinguished predecessors, I am an unabashed space and aeronautics "buff"; so many of the Goals for America involve those fields and so many of our aspirations point to sky and space. We have a record of accomplishment at NASA and it will be upheld and even bettered in the future. In 1980, we return to the galaxy on a continuous and eventually permanent basis. The operational flights of the Space Transportation System round out one eventful decade and herald the era of prolonged life and work in the space environment.

Our vehicle, the Space Shuttle, is undergoing flight testing today and it will carry into orbit the vital payload of Spacelab. Initially, the Shuttle and its occupants begin an integrated series of probes—the atmosphere, magnetosphere and plasmas apart from Earth—with missions set for every six months. First, we study solar flares. Then, the Spacelab extends to the area of life-science, with the goal of insuring human well-being during prolonged periods in space. We can apply space technology to medical and biological problems and thereby heighten scientific understanding of the origin and distribution of life in the universe.

Most space agency projects bear the quality of innovation and the title of unique. Aerospace people are thoroughly familiar with the Shuttle's capabilities, including its returnable and reusable components and the return from orbit to an almost conventional landing.

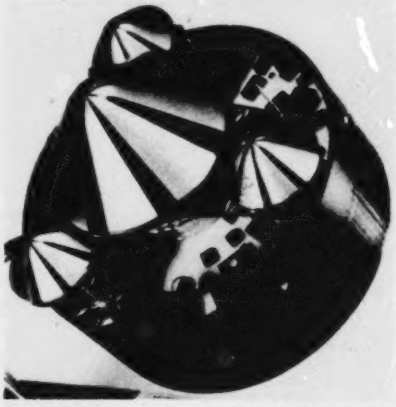
From the start, the Shuttle program has a strong European connection. The Spacelab is being developed by ESA—the European Space Agency—and the eleven nations are spending some $500 million to deliver the first unit to NASA; newer and improved labs will follow while Canada contributes the essential Remote Manipulator System.

By the middle of the coming decade, we anticipate that flights into orbit and back are going to be almost routine. We will never lack for passengers, from scientific sectors and otherwise.

Meantime, NASA continues its deep space exploration, mostly with unmanned craft. We will find more answers to the external questions of life, natural matter and energy on Mars and beyond, investigations deep into the solar realm.

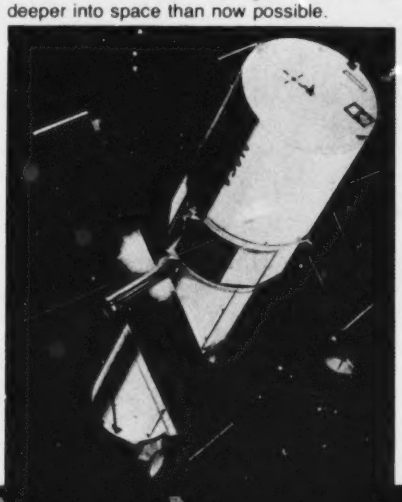
We will keep on drawing from the bounty of space to benefit the human lot on Earth. Technology transfer today is a growing concern, from producers to potential users. This is the law of the land, spelled out in the legislation that formed NASA almost 20 years ago. Part of the National Aeronautics and Space Act of 1958 reads, "each contract . . . shall contain effective provisions under which such party shall furnish . . . a written report containing full and complete technical information on any invention, discovery, improvement, or innovation which may be made . . ." We are authorized to require all R&D contractors to document and report anything new, from concept to computation of programs.

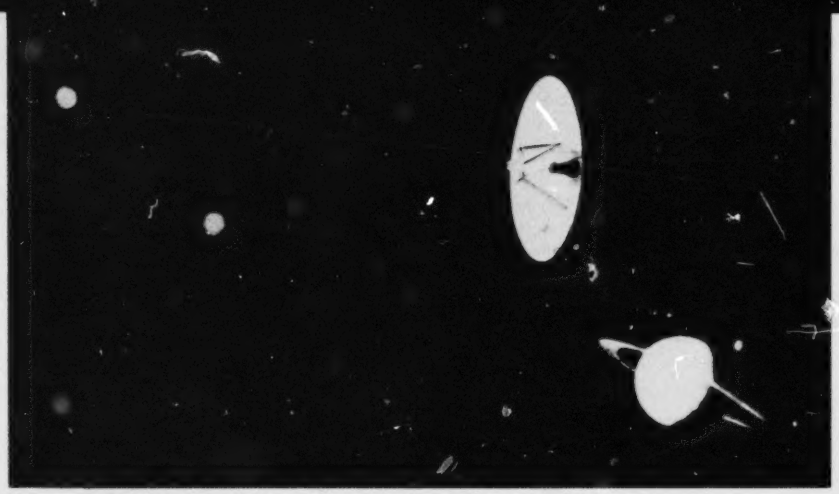
By law, our network of industrial applications centers continues to search literature and to evaluate and apply the results. The geographic range expands with every year and technology coordinators, matching NASA expertise with client interests, now are established at a half dozen NASA field centers. Worldwide, there is access to more than 8 million documents as well as audio visual and graphic aids. Clinics and medical institutions benefit. Public sector agencies gain from the storehouse of knowledge and concentration is on public safety, urban construction and safety, and the national transportation system.



Pioneer Venus missions will make a detailed study of the characteristics of the Venus atmosphere.

Artist's concept shows the Space Telescope, which will enable scientists to gaze seven times deeper into space than now possible.





Voyager spacecraft is shown in artist's conception as it passes Saturn.

Communications by satellite, possibly the widest exploitation of space, still takes giant strides by month and year. In 1976, most of the 16 unmanned spacecraft sent up by NASA were related to communications and electronics.

In some programs, communications and astronomy complement one another. We will make investigations outside the solar system with the large Space Telescope, already in the budget.

One half of our agency's title, one half of the responsibility we are charged with, is aeronautical research and development. The goal for aeronautics is to assure United States preeminence in aviation and our planning takes in improved design, materials and propulsion, lessening assaults on the environment, and safety.

Even though American industry is not in the business of making commercial supersonic aircraft, NASA research is well underway on supersonic engines, inlets and flight controls. We are even looking beyond to hypersonic jet technology and the possibility of building off-shore airports to accommodate the giant aircraft with an eye to noise abatement. Other programs, closely coordinated with the Department of Defense, include work on Short Takeoff and Landing (STOL) aircraft, modifications of existing STOL planes, and joint research with the U.S. Navy on the lift-fan vertical takeoff and landing vehicles. In 1981, we begin tests on a new generation of civil helicopters. Fuel consumption and ways to reduce wasteful expenditures are a critical part of NASA R&D.

On the drawing boards and on the launch pads over the next five years are a whole range of Landsat, Seasat, Nimbus and Tiros spacecraft. They provide near-term advantages for all people. Using space-based observation devices, they can supply data on the environment and related economic considerations. On Earth, we will gain the unique ability to:

- Predict global wheat production, survey rangeland and metropolitan areas, and monitor and inventory surface mining by 1981;
- Begin the monitoring of ocean currents and patterns, air/sea boundary conditions and surface technology;
- Forecast global production on all major crops in 1983;
- Achieve through use of systems reliable weather forecasting beyond three days. Target date: 1984 with storm prediction by 1986.

These are clearly defined goals and objectives, major roles in the programs that mesh and compliment one another. They motivate every NASA program officer, engineer and technician and the agency front office. The related priorities include:

- Effective use of the Space Shuttle for all phases of space flight;
- Scientific studies for a fuller understanding of the Earth, the Sun, the solar system and the universe;
- Use of space in the perspective of man's interaction with the Earth and its resources and environment;
- New directions for the scientist, the engineer and the technician;
- Areas where research will be necessary to exploit the opportunities of space, and
- Assurance that U.S. leadership in aeronautics, eroded in recent years, will be maintained.

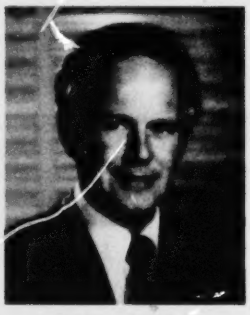
At NASA, there must always be the constant thought and motive that our work is two-directional. It is true that we explore space, therefore upward, but we also incline to benefit Earth and all its people, therefore inward.

Two statements bear out our motives. One is by the late brilliant rocket engineer and space scientist Werhner Von Braun. Of our goal, he said, "the Earth does not pose a limit for man. Our limit is the sky."

The inward view comes from Margaret Mead, the anthropologist whose insight is world renowned. Her evaluation is this: "We are at a point in history where a proper attention to space, and especially near space, may be absolutely crucial in bringing the world together."

Today, we possess in our brains and hands, expecially in our spirit, the means to win independence from a crowded and frenetic Earth and at the same time to uplift the Earthly condition.

Transportation Goals



BY BROCK ADAMS
Secretary of Transportation

Transportation is a vital ingredient in American life. It is one-fifth of our gross national product, employing more than 10 million people. We drive 110 million passenger cars, operate 25 million trucks and buses, and boast an airline fleet of 2300 aircraft. Our combined freight and passenger transportation expenditures are approximately $300 billion a year, and according to the Bureau of Labor Statistics American families now spend more of their income for transportation than for food.

Transportation has shaped the growth and development of the United States, provided us a freedom of personal mobility unprecedented in history and unparalleled in the world, and greatly expanded our domestic and international markets.

Through the years government has assisted the transportation evolution in America, to enhance and protect the public interest, but leaving to the private sector primary responsibility for meeting the nation's transportation needs.

America's transportation goals today are the same as those expressed in the 1966 Act which created the Department of Transportation. We still seek fast, safe, efficient, convenient transportation, easily accessible and reasonably priced. We want a diverse transportation system that meets the needs of all Americans consistent with other national objectives, including the efficient utilization and conservation of the nation's resources.

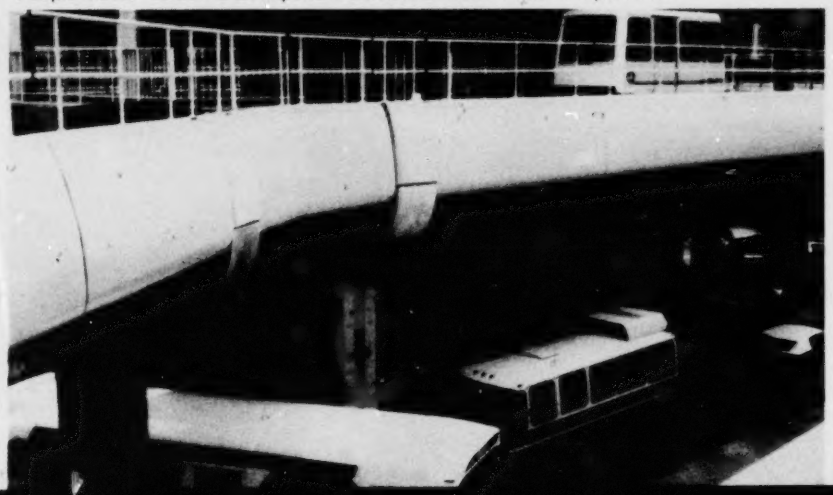
But while our objectives have not changed, certain of our priorities have. The growing social and environmental consciousness of recent years, together with the necessity to conserve energy now and in the future, require new policies and plans to ensure that essential transportation services are not lost or compromised. In the past government has taken responsibility for the safety of travelers, to protect the public from monopoly powers and the industry from unfair competition, and to develop or continue transportation services essential to the public or the general welfare. For the future, government's economic regulatory authorities can be reduced or relaxed. The industries they have protected are now mature and competitive. Airline regulatory reform proposals now before the Congress already have the Administration's blessings.

Radar tracking of aircraft helps FAA traffic controllers keep the airlanes safe.

But while Federal regulatory powers can be abated, the environmental, energy and social requirements in transportation planning and decision-making require greater governmental emphasis and support.

The pre-depression dream of two cars in every garage is today a reality for 35 percent of the nation's households, but that glittering ideal has been tarnished by urban congestion, air pollution and energy scarcity.

"People-mover" station is an important element of urban mass transportation.



The airlines, which 40 years ago were considered "almost safe" for everyone but a novelty for most, today carry 200-plus million passengers a year, in near-perfect safety. But aircraft noise make airports unwelcome neighbors, and low profits have made airlines unpopular with the financial community.

Our highway system has laced the nation together, speeding interstate commerce and providing motorists access to jobs and leisure, but at a steep cost in accidents, fatalities and property damage.

Its multi-passenger advantages have given mass transit new social value, but the unfavorable ratio of revenues to operating costs has made public subsidies necessary for most transit systems.

In short, we are compelled today not only to satisfy our transportation needs, serving the consumer and providing for future growth, but at the same time to solve related social problems as well. This means we must orchestrate transportation actions to encourage the most efficient use of each mode and the most rational balance of all the modes. We must implement policies that will cause our transportation resources to be more productive and less wasteful of fuel, lives and property. And we must keep transportation industries and activities in the private sector, to the fullest extent possible.

The future of the automobile poses one of our most difficult challenges. The motor vehicle industry is a major cog in the nation's economy; the motor car a staple of personal transportation. We do not want to give up the mobility the auto has given us, or forego the convenience and flexibility it affords.

Yet some relief from traffic congestion is necessary for our cities to survive, and some significant reduction in fuel consumption must be achieved if President Carter's energy program is to succeed. Our cars and trucks and recreation vehicles account for about one-fourth of our petroleum energy consumption, and commuter preference for the private automobile is a primary cause of our traffic-congested cities.

Under the terms of the Energy Policy and Conservation Act, I have set the fuel economy standards for passenger automobiles manufactured in the model years 1981 through 1984. These progressively stiffer mileage standards, ranging from the 20 miles per gallon ordained for 1980 to the 27.5 mpg average specified by law for 1985, are designed to help America's motorists achieve the annual reductions in gasoline consumption President Carter has proposed.

To meet these standards U.S. automakers must do what foreign manufacturers have long been doing, building cars that are smaller and lighter. Efforts to minimize emissions must also be continued. But we also need safer cars. As the numbers of smaller cars increase, the risk of death or serious injury in a collision with a larger vehicle is also increased and must be offset by improved occupant safety. We can no longer justify 45,000 highway deaths a year and social costs estimated at $38 billion (1975) on the grounds of the motor vehicle's utility or the motorist's "right" to drive, regardless of his condition or at whatever speed he dares. The drunk driver is "unsafe at any speed," and the 16 percent reduction in highway fatalities since the 55 mile per hour speed limit was nationalized three years ago proves rather conclusively that higher speeds increase the severity of injuries and the risk of mortality.

Our objective, therefore, must be a reasonably safe car that is fuel-efficient, as non-polluting as technology will permit, and suitable to people's needs if not their tastes. These standards must be pursued in concert, because a motor vehicle is a unit and the left hand of government cannot be demanding one thing of the industry while the right hand is requiring something else.

We must also be concerned with the way we use our cars. The government must exercise leadership in programs that will encourage carpooling, compliance with the 55 mile per hour speed limit, and increased transit ridership. For unless we use our cars wisely, eventually we may not be able to use them at all.

Our transportation goals also require an early and equitable solution to the nagging problem of aircraft noise. President Carter's proposal for a two percent environmental surcharge on air passenger tickets and waybills (matched by a reduction of two percentage points in the present ticket and waybill taxes) affords the airlines the option of retrofitting existing aircraft, or buying replacement aircraft that meet Federal noise standards. The plan benefits society, since it will reduce noise pollution. It serves our energy conservation objectives by encouraging, or enabling, airlines to buy newer, more fuel-efficient planes. And it supports the nation's aircraft manufacturers and the economy by stimulating employment, production and exports.

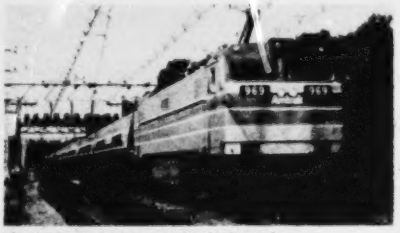
Coast Guard crew carries out a helicopter rescue mission.

According to a recent study done by the Stanford Research Institute for the Federal Aviation Administration, the number of jet aircraft in worldwide use is expected to increase by 55 percent by 1990, with the new wide-body types dominating world fleets. President Carter's financial assistance plan is the kind of inducement needed by the nation's airlines to initiate replacement orders which, in turn, will accelerate the industry's development of new and better aircraft, while at the same time easing the problems of excessive aircraft noise.

The Administration's special mechanism for retrofit, re-engining or replacement forms a supplement to regulatory reform. Together these proposals will improve the financial position of the nation's airlines, and help sustain the supremacy of America's aerospace industry.

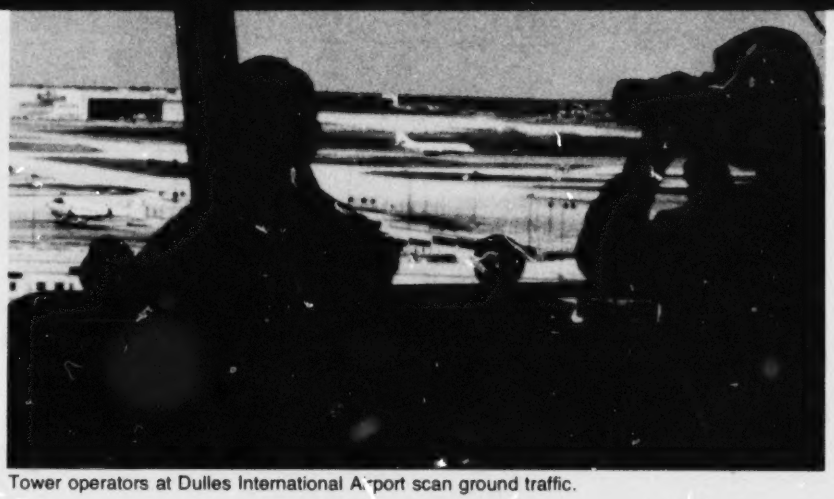
Our long-term goals will also be assisted by the revitalization of the railroads. This has begun with the restructuring of the Northeastern lines and the creation of ConRail, the Northeast Corridor improvement project now underway, and the financial assistance available to the railroads through the "Quad R" Act for catch-up work on long-deferred maintenance.

While passenger rail service is not self-supporting on a national basis, certain city-pair routes are potentially profitable, and may merit government subsidies for other public interest reasons. Along the busy Northeast Corridor, for example, nearly 10 million people a year already travel by rail along the 450-mile route between Washington and Boston, compared to less than six million by air. The $1.75 billion improvement program, which will increase travel comfort and reduce trip times, is expected to attract 26 million passengers to rail transportation along the Corridor by 1990—20 percent of the total traffic. Greater use of train travel will not only yield substantial fuel savings, but will make costly highway and airport developments unnecessary.



Amtrak trains operate in heavily travelled Northeast Corridor.

On the freight side, the essential services the railroads perform, and the possibility that in the near future it may be necessary to move large quantities of coal and grain simultaneously, emphasize the importance of maintaining our railroads and bringing them to peak efficiency. Similarly, while the need for new highway construction will diminish as the essential segments of the Interstate system are completed, the importance of our motor truck and inter-city bus commerce requires close attention to the safety of our existing highways and bridges.



Tower operators at Dulles International Airport scan ground traffic.

From our earliest days, America's waterways have been essential components of our transportation system, and the fuel economy of water transportation gives it new importance today. Continued maintenance and improvement of our inland waterways, however, is costing nearly $1 billion a year—a public expense that the users of the waterways are being asked to share.

In the area of public transportation, the task we face over the next several years is threefold: to develop mass transit systems the public will use; to entice commuters from their cars, through a variety of transit incentives and motoring disincentives; and to help America's cities with their local decision-making and assist their transit operations. Urban decongestion is directly dependent on public transit, but cities cannot undertake costly construction projects that exceed their ability to finance or support. We must work at the Federal level to budget funds more effectively. We also seek to simplify the mechanics for delivering Federal assistance and to increase local flexibility in setting priorities and using resources where they are most needed.

The nation's transportation goals today are particularly challenging because they demand a growth in transportation capacities and a reduction in fuel consumption; better mobility in a cleaner, quieter environment; more travel facilities with less congestion; and better service at affordable prices. We must make transportation safer, more responsive to the needs of the elderly and handicapped, and a better all-around bargain for consumers, communities and the country.

Transportation in America's third century, as in the past, will continue to be a proud product of private enterprise, aided by the government, dedicated to greater efficiency, a higher quality of life and better mobility for more people.

Vast network of interstate highways links the U.S.

Treasury Goals

BY W. MICHAEL BLUMENTHAL
Secretary of the Treasury

Our ability to improve the health of our people, to revitalize our older cities, to reform our welfare system and meet other great social needs while providing for an adequate defense depends fundamentally on the achievement of sustained, non-inflationary economic growth.

Because Americans constantly seek to improve their lives and their society, the fulfillment of our aspirations will always be limited by our resources. We shall not escape the necessity of choosing among desirable personal and social objectives.

But more rapid economic growth, declining unemployment and fuller utilization of the productive capacity of American industry will add billions of dollars of resources that can make a decisive difference in the extent of our social progress.

These considerations underlie the strong commitment of the Carter Administration and the Treasury Department to:

- Growth of about 6 percent, after allowing for inflation, in the Gross National Product during 1977 and an average annual growth rate of more than 5 percent until we stabilize at a full-employment growth rate;
- A steady reduction of the intolerably high unemployment the United States has experienced in recent years, bringing the unemployment rate below 7 percent by the end of 1977 and to about 5 percent by the end of the decade;
- A dampening of the underlying rate of inflation by at least two percentage points by the end of 1979 and further reductions thereafter;
- A balanced Federal budget by 1981; and
- Comprehensive tax reform that will provide greater simplicity and equity in the tax system and encourage the capital formation needed for faster productivity growth.

Besides these measures at home, the Administration is working for a strong and stable international economic order—recognizing that in this interdependent world, we and other nations can best achieve our domestic objectives through cooperation and the maintenance of an open world economic system.

It bears emphasis that the objectives of faster growth and reduction of inflation must be achieved together or not at all. Measures that seek faster growth at the expense of price stability rapidly lead to a new recession and the kind of stop-go economics that deters investment, lessens productivity growth and slows or even halts the growth of real incomes.

We have made a good start toward our goals but much remains to be done.

As the economy snapped back from the severe winter, growth in the first quarter of 1977 jumped to 6.4 percent from a fourth quarter level of only 2.6 percent. The President's economic stimulus program, as enacted by Congress, provides more than $20 billion in added demand through October 1978. With this boost and the growing strength of the private economy, prospects are good that both our 1977 and our longer-term growth goals will be met. But if the expansion should falter, as it did last year, we will not hesitate to recommend further steps to stimulate the economy.

Unemployment has registered a similar improvement, falling from 8 percent three months earlier to 7 percent at the end of April. With the early achievement of our year-end unemployment goal, we are setting our sights on further reductions that would bring the rate to around 6.7 percent by the end of the year.

Much of the economic stimulus package will make a direct contribution to lower unemployment through its public works jobs, through countercyclical aid to local governments in high unemployment areas, through job training, employment aids and other measures. As the expansion progresses, we will need to place increasing stress on programs to aid the

hard-to-employ—those who lack work skills and experience and suffer other disadvantages.

Inflation poses a perplexing challenge, in part because it has multiple causes and can be affected by expectations and fears as well as real economic developments. So far in 1977, the overall inflation rate has worsened, due chiefly to increases in food prices. The underlying inflation rate, which abstracts from food and energy prices, continues at an unacceptably high rate of 6 to 6½ percent. While we may not be able in the short run to limit the price effects of bad weather and OPEC oil price increases, our prime target must be the underlying inflation rate.

For the attack on inflation, the President has assembled an array of measures that will be effective. But we must recognize that they cannot provide a quick cure. They must be pursued persistently for years to achieve price stability.

As part of our anti-inflation program, we will take new steps to assure that the government itself is not a contributor to higher costs through needless regulations and requirements for costly paperwork. Government procurement practices will be altered to lessen reliance on cost-plus contracts that weaken normal incentives to efficiency. We will foster increased competition in the American economy, by anti-trust actions and by eliminating outmoded rate-setting regulations, as in the airline industry, that serve mainly to lessen efficiency and stifle technological change. Initial measures to control the rise of hospital costs, which have been increasing at twice the rate of the cost of living generally, have been proposed, and we are strengthening the Council on Wage and Price Stability to enhance its ability to foresee problem areas and bottlenecks and to recommend timely preventative action.

The commitment of the leaders of the seven major industrial nations at the London Summit Meeting to avoid protectionism and to liberalize world trade will also contribute to the fight against inflation in the United States and elsewhere, as countries are able to expand their output of the goods they can produce most efficiently while importing more goods in which others have a competitive advantage.

And we are seeking the voluntary cooperation of labor and management in avoiding price and wage decisions that initiate futile wage-price spirals. A firm basis for this cooperative effort among business, labor, and the government exists in the widespread recognition that no one wins in the scramble to get ahead by jacking up prices or wages.

Customs pilots head for aircraft for night patrol along U.S.-Mexico border.

What we certainly shall not do in our anti-inflation program is coerce the private sector or impose wage and price controls. The ineffectiveness of such a policy has been amply demonstrated in the past.

But for the longer term, neither our growth nor our inflation goals will be realized without significant increases in the rate of investment in the productive capacity of the American economy. We need increased business investment to fuel the continuation of our economic expansion. We need investment to avoid the capacity bottlenecks that we will otherwise face in a number of industries well before our total capacity is being used at an optimal rate and to help speed the pace of productivity growth. Even after adjustment for cyclical factors, the growth of output per man-hour in the private nonfarm economy has recently lagged well behind previous rates. While the causes for this circumstance are complex and uncertain, one important factor is that the rate of growth of capital per worker has fallen off in recent years.

Lately there are signs of a growing willingness by business to invest. This, in turn, derives from increasing confidence that steady economic growth will provide markets for the output of new factories and machines, that inflation is being handled in a responsible way, and that this Administration will expand the ability of the free market to operate. In addition, the comprehensive tax reform that will be proposed this year will provide new incentives to savings and investment. Elimination of double taxation of corporate income is being considered, along with other changes in business taxation.

Increased investment in physical plant and equipment of course requires an adequate supply of financial capital. The Administration's commitment to balance

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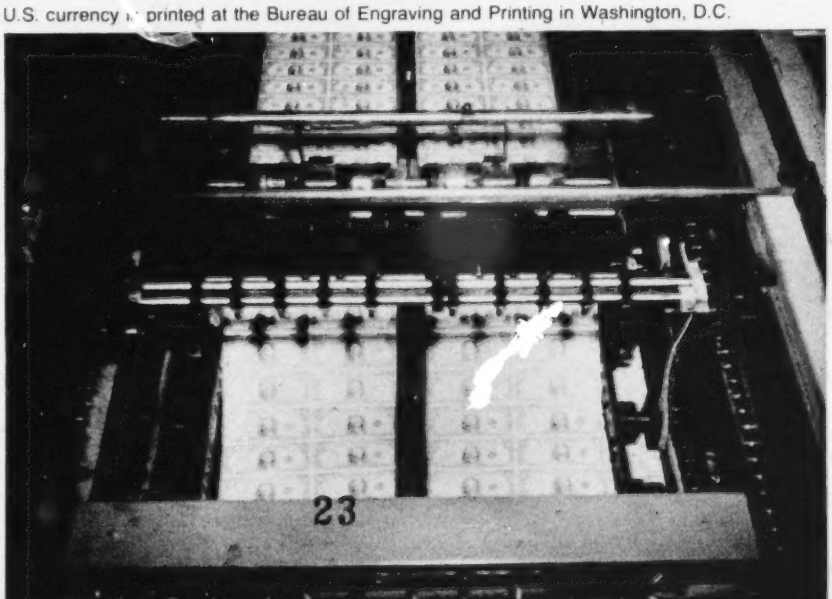
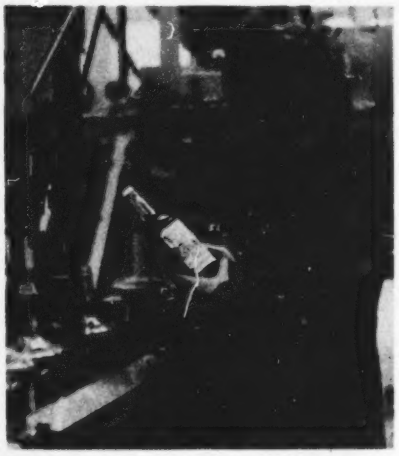


the Federal budget in 1981 and the reduction of annual budget deficits in the meantime will enlarge the resources available to the private sector, assuring that there is no "crowding out" of desired investment.

Achieving budget balance will not be easy. But with the strong economic growth we are seeking, with restraint and care in the allocation of Federal resources to tax reductions and new programs, and with continuing efforts to promote efficiency and economy in Federal activities through zero-based budgeting, our goal can be achieved. It is already clear that President Carter will persevere and make



Treasury agent inspects an alcoholic beverage manufacturing company.

the hard choices that are necessary to fulfill his commitment.

All of our efforts for sustained, non-inflationary economic growth in the United States are more likely to prosper in a sound and cooperative international economic environment. The communique of the London Summit recorded agreements on policy that must now be translated into concrete accomplishments in international finance, trade, and development assistance. To deal with the effects of the massive oil deficit, we must increase the resources of the IMF to provide time for adjustments by countries trying to reduce unsustainable deficits. In the Tokyo round of multilateral trade negotiations, we must take new steps to lower tariffs and diminish non-tariff barriers. We must increase the flow of grants and soft loans to the poorest countries and expand the export opportunities and capital flows for the more advanced developing countries.

The Carter Administration has adopted balanced, reasonable and attainable economic goals and coherent, consistent policies for their achievement. And with their achievement, we shall provide a firm basis for all else that we wish to do.

Defense Secretary Outlines National Security Goals

Secretary of Defense Harold Brown outlined some basic goals of the Department of Defense in his May 25, 1977 speech to the National Press Club in Washington. Following are key excerpts from that speech which are especially important to AEROSPACE Magazine's review of "Goals for America."

". . . Years ago, when we enjoyed a clear strategic nuclear superiority, our unmistakable lead in nuclear weaponry acted as a strong deterrent even to non-nuclear aggressive moves by a potential enemy against the United States or its allies. Now, in the era of strategic equivalence, the same inhibition applies to a lesser degree — and in some cases perhaps not at all. We must carefully evaluate our ability and the ability of our allies to fight with conventional arms. We have reviewed our capabilities deployed in Europe in the NATO Alliance. . . .

". . . For the short-term, we expect to augment NATO's anti-armor capability, increase the war reserve munitions of the Alliance and improve certain readiness and reinforcement situations. In these three short-term areas, our schedule for results is about a year.

"The long-term program, of which the President spoke in London, will look as far as ten years down the road at such areas as readiness and location of forces (particularly against short warning attack); quicker and more effective reinforcement; air defense; communications, command and control, and other NATO needs. . . .

". . . Turning elsewhere on the globe, I expect sometime this summer to take a personal look at the conventional forces — including U.S. forces — deployed in Korea from which, as you know, President Carter has indicated our intention to withdraw U.S. ground troops over a four or five-year period.

"I assure you that this carefully planned action definitely will not diminish our commitment to South Korea's security. We retain a large stake in the security of South Korea as a result of our historic involvement, our long-standing political and commercial interests there, and the importance of peace on the peninsula to the security of Japan and the balance of power in East Asia. . . .

". . . In Europe, we are seeking conventional force reduction — in a separate negotiation from that on stategic arms limitations — through negotiation with the Soviet Union. In Brussels, the NATO Defense Ministers took note of the Mutual and Balanced Force Reduction negotiations in the Communique. They reaffirmed their support for the principle that NATO forces be maintained and not reduced except, and I am quoting: 'in the context of a Mutual and Balanced Force Reduction agreement with the East which must in no way diminish the collective security of the Alliance.'

"We would, of course, welcome such an MBFR agreement, but it does not appear to be imminent.

"We have been able to remain hopeful about the prospects for a SALT agreement. There was some progress on how to proceed (which is the first step) in the SALT talks in Geneva last week. Secretary Vance and Foreign Minister Gromyko agreed to a framework for the negotiations pointing to three things: a treaty that will last until 1985; a protocol to the treaty that will last for the next three years; and a statement of general principles guiding the SALT III negotiations that would begin immediately upon the signing of the treaty and the protocol.

"Clearly, much difficult and complicated work remains to be done. But, in the wake of some gloomy interpretations after the Moscow meeting in March, I believe there is a fair chance we can achieve modest agreement on SALT II by October — when SALT I expires."

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